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Great Southern Plantations Limited
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West Perth, Western Australia 6005

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Great Southern Plantations Limited has reported a record net profit of $124.3 million for the year ended 30 June 2005, up 33 percent from $93.2 million in the previous year. Was your 50 percent increase in MIS project sales to $365 million the major driver of the profit increase?

CEO John Young
We're pleased with the record profit result, which was due to our strong sales which included the successful launch of our organic olive project, the expansion of our viticultural project, the continued success of our plantations project and the continuing growth in our expanding distribution network. Our interest income from project sales also increased by more than 150 percent to $12.9 million, reflecting our strong sales growth in recent years and the high percentage of investors financing their investment through us.

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In FY05 you recognized $232.6 million of sales, that is 63.7 percent, as revenue compared with 75 percent of sales recognized in FY04. Why is the percentage of sales recognized as revenue in FY05 lower than the previous year?

CEO John Young
Revenue recognised is determined by the amount of services completed in relation to sales at year end. With the benefit of the 12 month prepayment rule for forestry,

coupled with the increasing size of our plantation projects, proportionally less plantation establishment services were completed by the end of the financial year compared with the previous year. However, this is a timing issue only. All plantations project services are required to be completed within 12 months and so the revenue deferred in FY05 will be recognised in FY06. For FY06 we already have approximately $118 million in revenue to recognize before we've made a sale. The accounting standards and policies simply determine when that profit is recorded in the accounts, but there's no impact on our cash position.

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You've almost doubled your net assets over FY05 to $762 million with NTA up 31.5 percent to $2.44 per share. The increases were largely in land, cash and receivables. Is the book value of land at cost or market value?

CEO John Young
Land is recorded in the FY05 balance sheet at cost, of which approximately $350 million relates to our plantation land. We own land because of its strategic value and capital appreciation potential.

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Your balance sheet at 30 June shows cash of $118 million. Historically your growth strategy has been to seek additional capital to fund growth in sales. Do you have adequate cash to meet your forecast growth and if you need more how will it be sourced?

CEO John Young
As we're still in a growth phase and continuing to expand our projects we need cash to fund the required land and capital assets. As we're in a strong position with a very solid balance sheet we have a number of funding options which include a modest level of debt and/or a further hybrid issue. We have no plans to raise further equity capital. Our reliance on new funding is expected to start to decrease as our extensive land bank rotates and becomes available for use in our future projects.

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You have announced a final dividend of 10 cents per share, bringing total dividends for the year to 14 cents, which is a 40 percent increase on last year. What is the company's dividend policy?

CEO John Young
While we continue to see ourselves us a growth company, we want to pay a reasonable annual dividend. This year's dividend recognises the good results achieved in 2005.

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The results include a very small contribution from woodchip sales. Will this increase as your earlier project plantings become ready for harvest?

CEO John Young
We hold a relatively small amount of timber on our own account, with the vast majority managed on behalf of our project investors. Some of our own timber resource was acquired as part of the Australian Plantation Timber land acquisition last year. Our other timber was predominantly acquired several years ago with the view of using it in our earlier projects, if it was required to supplement yields, given that the site selection, silvicultural practices and seedling genetics were not of the same standard as they are today. The sale of woodchips this year relates to our own timber. In net terms, it didn't have much impact on our results and is not expected to do so going forward.

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You recently completed your first plantation project. How did your first project perform?

CEO John Young
It's very pleasing to commence harvesting and to complete the investment cycle for investors. It is now generally accepted in the industry that yields from earlier projects throughout Australia are lower than what can be expected today, given they have not benefited from the significant advances in site selection, silvicultural practices and seedling genetics over the last 10 years. In addition, the last 10 years included what is widely acknowledged as the worst drought in Australia in 100 years, and whilst our plantations are not in the regions most affected by drought, lower than average rainfalls were experienced which negatively impacted timber growth rates.

With our first harvest, we bought the timber from our investors, primarily driven by efficiencies, this option provided in timing of shipping and GST related issues and we are now in the process of exporting this timber as woodchips on our own account. In setting the price for that timber we took account of the additional timber resource I referred to previously, the actual yields achieved in the project and the prevailing woodchip price and we paid a premium to the investors over and above the return they would have otherwise achieved. Whilst we were under no legal obligation to do this, we felt it was appropriate as we had previously taken active measures through the acquisition of additional timber resource to mitigate the impact that lower yields may have on this project. Whilst this resulted in an after tax expense of around $3 million being included in our FY05 results, it had no net cash impact because of the harvest proceeds from the sale of our own resource.

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How do current projects compare with this first project?

CEO John Young
With the significant changes in industry conditions, site selection, silvicultural practices, seedling genetics and economies of scale, our current and future projects simply cannot be compared to the ones that were established some time ago. Our recent projects incorporate these improvements and are supported by a thorough due diligence process and independent information supporting return variables, which is far more relevant to current investors than returns from early projects.

In terms of the existing projects that will be harvested over the next five years or so, it's too early to be definitive about returns, as they are dependent on a number of factors, including growth rates and woodchip prices, that can't be reliably predicted at this stage. The board currently holds the view that because of these uncertainties, it is not possible to provide reliable estimates of projected returns, although lower yield will continue to be an agricultural risk to investors. Within two years or so from the time of harvest the returns are still subject to variables that are not certain, but we are more capable of making useful estimates.

On this basis, our current expectation is that the next two years' projects are likely to produce better yields than our first project, though still lower than what would be expected from a new project today. Whilst we have no legal requirement to do so, if we decide to acquire timber resource from investors in the next two projects in a similar manner to the approach adopted for our first project, it is not currently considered that such an approach will have a material impact on future results. Further information regarding past projects is on our website.

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Based on the AIFRS disclosure included in your results, it would seem the biggest changes arise from revenue recognition and the change in accounting for plantation land. Could you explain these issues and the likely impact on results both short term and long term?

CEO John Young
The application of our revenue recognition policy under AIFRS will result in a higher proportion of deferred revenue due to different definitions and interpretations. We expect the amount of revenue to be recognized in the year of sale will decrease to around 45 percent to 50 percent under AIFRS. Again, this is simply a timing difference as revenue deferred will be recognised in the following year's results.

We regard our plantation land as investment property which under AIFRS can be recorded at cost or at fair value. In our case, land is acquired and then leased to investors in the projects for a period of 10 to 11 years with deferred rent. Under the fair value method, which we have chosen to apply as it better reflects our business, land will be recorded at market values, but discounted to account for the lease encumbrance and rental streams. This will mean that an accounting loss may be recognised at the time land is leased to investors. This loss is however, reversed in part each year until the lease expires and the land becomes un-encumbered. Again, this is a timing difference, and will not impact our operations or cash position. It means, however, that increases or decreases in the prevailing fair value of land will impact the P&L, adding some degree of volatility to future earnings. The estimated impact on the results for FY05 of fair valuing our investment property land holdings under AIFRS would be a gain of $7.2 million

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Looking to the year ahead, what's your view of the outlook for the industry and Great Southern?

CEO John Young
We are a growth company in a growth industry. We've grown our project sales by an average of 50 percent each year for the last 11 years. The MIS industry also grew 50 percent last year following substantial growth the year before. The factors that drive sales for both the industry and an individual company are first the economy, secondly the size and quality of the distribution networks and thirdly the diversity, size and range of product on offer.

With the economy continuing to be sound and employment and income growth strong, high quality diversified agricultural MIS products are in demand. The fact that there are a number of new entrants to the market, including Rothschild, Macquarie Bank and more recently Commonwealth Bank, is reflective of the increasing interest in this sector. These newer entrants generally have their own established distribution networks, rather than necessarily competing with our own distribution network, so they won't necessarily affect our market share.

In terms of our own position, I think we are positioned well to continue to grow. We're refining and expanding our product range, offering investors different investment outcomes. We have a very strong distribution network which has grown significantly over recent years and will continue to grow plus we have the ability to offer high quality product on a large scale.

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Is land becoming difficult to source and will this be an impediment to your sales growth?

CEO John Young
Whilst securing land is always a challenge for us and the industry generally, we don't consider land availability as a significant barrier to growth. Rising prices have some impact on our land acquisition strategy, but at the same time the rising prices are creating value for shareholders.

We're confident we can continue to source our project land requirements. Firstly, we own the majority of land used in our projects. We own in excess of 220,000 gross hectares of high quality land, including the 50,000 plantable hectares acquired from Challenger last year that will become available to us over the next few years. Also, as our land bank begins to rotate after the initial harvest, we'll have a large amount of land progressively becoming available rapidly diminishing our dependence on sourcing new land in coming years.

Secondly, we have expanded our planting regions, providing diversity and reduced risk to investors, whilst at the same time providing new areas in which to source land. This expansion includes the acquisition of Sylvatech last year, giving us access to a very large area of new forestry land. Finally, we have a large, dedicated and well experienced team sourcing new land for us. Our land requirements are changing, not only as a result of existing land becoming available for our new forestry projects, but also because an increasing amount of sales growth in the coming year will come from the less land intensive projects of viticulture and organic olives and additional diversified locations suitable for our cattle project.

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You have recently appointed a new Chairman in David Griffiths. Will there be any further changes?

CEO John Young
We are now actively recruiting two additional non executive directors to provide further strength, experience and diversity to the board.

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Thank you John.

For further information about Great Southern Plantations, please visit www.great-southern.com.au or call Great Southern on 1800 258 348.

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